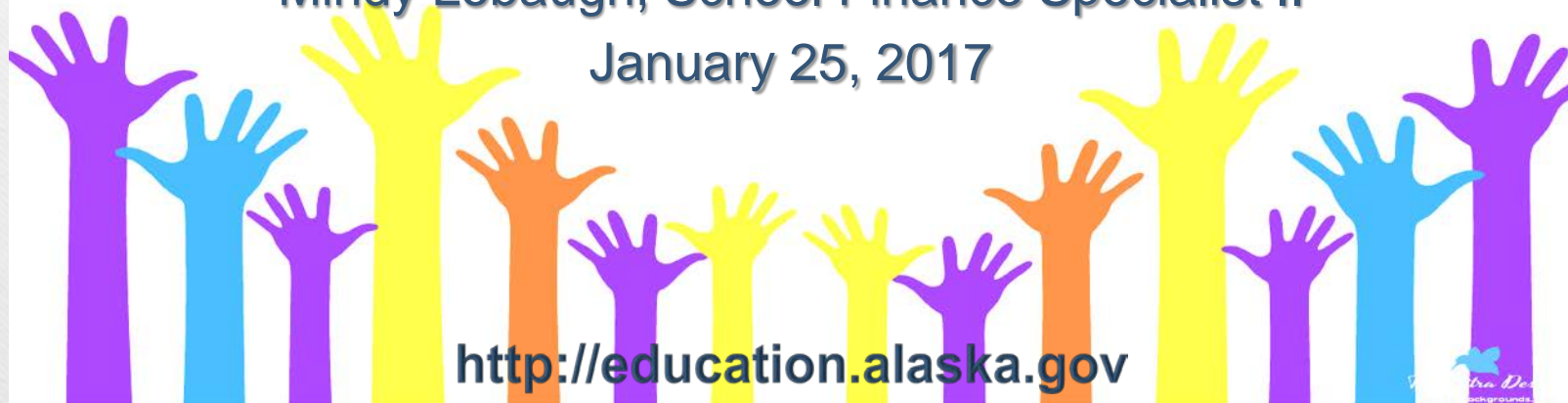




# Alaska Public School Funding Formula Overview

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<http://education.alaska.gov>



# **PUBLIC SCHOOL FUNDING FORMULA**

The current state public school funding formula was adopted under SB 36 in 1998; implemented in 1999.

The public school funding formula is defined in Alaska Statute 14.17.

# Providing an Overview

1. October count and Average Daily Membership (ADM).
2. Calculations of Adjusted Average Daily Membership (AADM).
3. Calculation of Basic Need.
4. Funding Components of Basic Need ~ (*Who Pays*)
5. Additional Funds above Basic Need.

# Average Daily Membership

## ADM Reporting Requirements

- Average Daily Membership is the number of **enrolled** students during the 20 school-day count period ending on the fourth Friday of October. (AS 14.17.600)
- Reports are due within two weeks after the end of the 20 school-day count period. (AS 14.17.600)
- Projected student count reports are due November 5. (AS 14.17.500)

# Who Qualifies as a Student?

## Eligibility for State Foundation Funding:

- A child who is 6 years of age before September 1, and under the age of 20, and has not completed the 12<sup>th</sup> grade. (AS 14.03.070)
- A child who is 5 years of age before September 1, may enter kindergarten. (AS 14.03.080 (d))
- A child with a disability and an active Individualized Education Program (IEP) may attend school if at the age of 3 or if under the age of 22 by July 1. (AS 14.30.180 (1))

# 6 Steps to DISTRICT ADJUSTED ADM

- Step 1.     Adjust:   ADM for School Size
- Step 2.     Apply:   District Cost Factor
- Step 3.     Apply:   Special Needs Factor
- Step 4.     Apply:   Vocational & Technical Factor (CTE)
- Step 5.     Add:     Intensive Services Count
- Step 6.     Add:     Correspondence Student Count

**= District Adjusted ADM**

**Used to calculate ENTITLEMENT**

# Step 1. Adjust the ADM for School Size

Reference:	School Size:	Formula:
1.	10-19.99	39.60
2.	20-29.99	$39.60 + (1.62 * (ADM - 20))$
3.	30-74.99	$55.80 + (1.49 * (ADM - 30))$
4.	75-149.99	$122.85 + (1.27 * (ADM - 75))$
5.	150-249.99	$218.10 + (1.08 * (ADM - 150))$
6.	250-399.99	$326.10 + (.97 * (ADM - 250))$
7.	400-749.99	$471.60 + (.92 * (ADM - 400))$
8.	Over 750	$793.60 + (.84 * (ADM - 750))$

## A Community with an ADM:

**Under 10** - Added to the smallest school with an ADM greater than 10.

**10 through 100** - Grades K-12 ADM is combined and adjusted once; adjusted as one school.

**101 through 425** - ADM for grades K-6 and 7-12 are adjusted separately; adjusted as two schools.

**Greater than 425** - The ADM of each facility administered separately as one school is adjusted.

# Step 1. Adjust the ADM for School Size

(continued)

\* **Alternative** school with an ADM of 175 or greater *and* administered as a separate facility the ADM will be adjusted separately, unless:

1. It is in the 1<sup>st</sup> year of service with ADM between 120 to 175 receives an adjustment of 1.33; **OR**
2. It had an ADM of 175 or greater in the prior year but drops below 175 in the current fiscal year it will receive an adjustment of 1.33; **OR**
3. It has an ADM of less than 175 it shall be counted as a part of the school in the district with the *highest* ADM.

~\*~\*~\*~

\* **Charter** school with an ADM of 150 or greater is adjusted as a separate facility unless:

1. It is in the 1<sup>st</sup> year of service with ADM between 75 to 150 it receives an adjustment of 1.45; **OR**
2. It had an ADM of 75 or greater in the prior year but drops below this in the current fiscal year it will receive an adjustment of 1.45; **OR**
3. It continues to stay below 75 ADM then it receives an adjustment of 1.18.



**Step 1.**  
**Example: NOME PUBLIC SCHOOLS**  
**Projected FY2017 ADM by School**

■ Nome Elementary School.....	380.00
■ Nome-Beltz Jr/Sr High School.....	255.00
■ Anvil City Science Academy.....	60.00
■ Nome Youth Facility.....	14.00
■ <u>Extension Correspondence .....</u>	<u>10.00</u>
<b>➤ Total ADM.....</b>	<b>719.00</b>

**Step 1.**  
**Example:**  
**NOME PUBLIC**  
**SCHOOLS**

Reference:	School Size:	Formula:
1.	10-19.99	39.60
2.	20-29.99	39.60 + (1.62 * (ADM - 20))
3.	30-74.99	55.80 + (1.49 * (ADM - 30))
4.	75-149.99	122.85 + (1.27 * (ADM - 75))
5.	150-249.99	218.10 + (1.08 * (ADM - 150))
6.	250-399.99	326.10 + (.97 * (ADM - 250))
7.	400-749.99	471.60 + (.92 * (ADM - 400))
8.	Over 750	793.60 + (.84 * (ADM - 750))

**K-6 Adjusted ADM's**

(Ref. 6)  $326.10 + \{.97 * (380.00 - 250)\}$  **452.20**

**7-12 Adjusted ADM's**

(Ref. 6)  $326.10 + \{.97 * (255.00 - 250)\}$  **330.95**

*Anvil Charter School* **60 \* 1.18** **70.80**

(Ref. 1) *Youth facility's ADM* **14** **+ 39.60**

**School Size Adjusted ADM** **893.55**

# HOLD HARMLESS PROVISION

The Hold Harmless provision was established for those districts experiencing a reduction in enrollment. To determine eligibility, the district's sum total of the *School Size Adjustment* is compared against the prior fiscal year. If a decrease of 5% or greater has occurred, then the prior fiscal year will become the base.

*Available up to 3 years provided district stays below the base year.*

- 1<sup>st</sup> year 75% of difference to the base year is retained.
- 2<sup>nd</sup> year 50% of difference to the base year is retained.
- 3<sup>rd</sup> year 25% of difference to the base year is retained.

# Nome Public Schools: HOLD HARMLESS PROVISION.

Nome received 25% of Hold Harmless in FY2012. That was the final phase so the district transitioned out of Hold Harmless.

*Did Nome's total school size decrease by 5% or greater and reactivate the Hold Harmless provision?*

FY16 Projected ADM	694.00	FY16 School Size Adj. ADM	<b>878.45</b>
FY17 Projected ADM	719.00	<u>FY17 School Size Adj. ADM</u>	<b>893.55</b>
		<i>Increase in DIFFERENCE</i>	<b>15.10</b>

**NO ... District increased in Total School Size.**

## Step 2. DISTRICT COST FACTORS

Cost factors are specific to each school district and range from 1.000 to 2.116.

Multiply the School Size Adjusted ADM by the District Cost Factor for Nome:

$$893.55 \times \underline{1.450} = \mathbf{1,295.65}$$

(Shown on Column P and Q, page 8 of Overview)

## Step 3. SPECIAL NEEDS FUNDING

- Includes special education (except intensive), vocational education, gifted/talented and bilingual/bicultural. These are block funded at 20%.

*AS 14.17.420 (a)(1)*

### **Step 3. *Example:*** **NOME PUBLIC SCHOOLS**

Multiply the adjusted ADM (from Step 2) by  
the Special Needs Factor

$$1,295.65 \times \underline{1.20} = \mathbf{1,554.78}$$

(Shown on Column R, page 8 of Overview)

## Step 4.

# VOCATIONAL & TECHNICAL FUNDING

- Career & Technical Education (CTE), is funded at a factor of 1.015.
- It is intended to assist districts in providing career and technical education services in grades seven through 12.
- This excludes costs associated with administrative expenses and instruction in general literacy, mathematics, and job readiness skills.

AS 14.17.420 (a)(3)



## **Step 4. *Example:*** **NOME PUBLIC SCHOOLS**

Multiply the adjusted ADM (from Step 3) by  
the Career & Technical Education Factor

$$1,554.78 \times \underline{1.015} = \mathbf{1,578.10}$$

(Shown on Column S, page 8 of Overview)

# Step 5.

## INTENSIVE SERVICES FUNDING

**A school district will receive funding for intensive services students that:**

1. Are receiving intensive services and;
2. Enrolled on the **last day** of the 20-school-day count period and;
3. Meet intensive qualifications for each intensive services student.

**(Intensive Student Count) x 13 = Intensive Student Funding**

*An Intensive Services student generates \$77,090*

AS 14.17.420(a)(2)

## **Step 5. *Example:*** **NOME PUBLIC SCHOOLS**

Multiply the Intensive Student Count by 13 &  
add to the adjusted ADM (from Step 4)

Nome Public Schools has 5 Intensive Students

$$5 \times 13 = \mathbf{65}$$

$$1,578.10 + \underline{65} = \mathbf{1,643.10}$$

(Shown on Columns T, U, V; page 8 of Overview)

# Step 6.

## CORRESPONDENCE PROGRAMS

Districts offering correspondence programs receive funding based on 90% of the correspondence ADM.

**(Correspondence ADM) x .90 = Level of  
Correspondence Funding**

*Each correspondence ADM generates \$5,337.*

*AS 14.17.430*

## Step 6. *EXAMPLE:* NOME PUBLIC SCHOOLS

Multiply the Correspondence Student ADM by 90% and add to the Adjusted ADM (from Step 5) to get Final District Adjusted ADM (AADM).

➤ *Nome Public Schools  
has 10 Correspondence Students*

$$10 \times .90 = \mathbf{9.00}$$

$$1,643.10 + \underline{9.00} = \mathbf{1,652.10}$$

(Shown on Column V, W, X; page 8 of Overview)

# **BASIC NEED**

## ***Entitlement***

Multiply the district adjusted ADM by the base student allocation [BSA] = BASIC NEED

$$1,652.10 \times \underline{\$5,930} = \underline{\$9,796,953}$$

(Shown on Column B, page 9 of Overview)

AS 14.17.470

# NOME: *Summarized*

## District Adjusted ADM & Basic Need

Projected ADM for Nome:	709.00 + 10 corresp. = 719.00
Step 1. Adjusted ADM for School Size: <i>(No Adjustment for Hold Harmless)</i>	893.55
Step 2. Apply the District Cost Factor:	x <u>1.450</u>
	1,295.65
Step 3. Apply the Special Needs Factor:	x <u>1.20</u>
	1,554.78
Step 4. Apply the Career & Technical Ed Factor:	x <u>1.015</u>
	1,578.10
Step 5. Add Intensive Service Counts: (5.00 x 13 = 65)	+ <u>65.00</u>
	1,643.10
Step 6. Add Correspondence Student Counts: (10 x .90 = 9.00)	+ <u>9.00</u>
= District Adjusted ADM	1,652.10
<i>Multiply by \$5,930 the FY2017 Base Student Allocation</i>	x <u>\$5,930</u>

**BASIC NEED: \$9,796,953**

# Components of Basic Need

*(Who pays?)*

- Required Local Contribution
  - Federal Impact Aid
  - State Aid



# Full & True Value / Local Effort Calculation

Current year full & true value, as provided annually by the State Assessor's Office, is multiplied by 2.65 mils for the purposes of calculating the Required Local Effort for foundation funding.

# CALCULATING REQUIRED LOCAL CONTRIBUTION

*Example: Nome Public Schools*

The **lesser** of the equivalent of 2.65 mils of the full & true value, but not to exceed 45% of the school districts prior year basic need.

*.00265 of full & true value Tax Base:*

$$.00265 \times \underline{\$ 366,202,900} = \mathbf{\$970,438}$$

*45% of Prior Year Basic Need:*

$$.45 \times \underline{\$9,946,726} = \$4,476,027$$

(Shown on Column C, page 9 of Overview)

AS 14.17.410 (b)(G)(2)

# **Title VII**

## **FEDERAL IMPACT AID PAYMENTS**

Title VII Federal Impact Aid Payments received from March 1 through the last day of February are used as payment for Basic Need.

The State must first deduct out the federal funding for special education (SPED), 1/5<sup>th</sup> Native lands, and construction funds.

# **Title VII FEDERAL IMPACT AID PAYMENTS**

## ***Example: Nome Public Schools***

Payments received by the Nome Public Schools from March 1 through the end of February. There are no SPED, Native lands, or construction funds included in their payments so the total received is eligible.

**\$60,026**

*(amount eligible for Deduction)*

(Shown on Column D, page 9 of Overview)  
AS 14.17.410(e)(2)(B)

# IMPACT AID PERCENTAGE

$$\frac{\text{Required Local Contribution}}{\text{Budgeted Local Contribution}}$$

Budgeted Local Contribution, for the purposes of calculating the Impact Aid percentage is found in the Budgets submitted on July 15 of each year and may consist of:

- Appropriations
- Investment Earnings
- In-Kind Services
- “Other” Local”

# **Title VII PERCENTAGE**

## ***Example: Nome Public Schools***

Required Local:    \$ 970,438  
Budgeted Local:    \$2,304,952 = **42.10%**

*(This percentage is only derived for City & Boroughs)*

(Shown on Column E, page 9 of Overview)

# IMPACT AID

## *Example: Nome Public Schools*

90% of the eligible Impact Aid received by a school district is multiplied by the Impact Aid percentage.

Nome's Deductible Impact Aid Calculation:

$$\text{\$60,026} \times 42.10\% \times 90\% = \text{\$22,744}$$

*Eligible Impact Aid x Title VII % x 90% = Deductible Impact Aid*

(Shown on Column D, E, F; page 9 of Overview)

# STATE AID

## Nome Public Schools

BASIC NEED:	\$ 9,796,953
less REQUIRED LOCAL:	(970,438)
less IMPACT AID:	<u>(22,744)</u>
<b>STATE AID</b>	<b>\$ 8,803,771</b>

(Shown on Column G, page 9 of Overview)

AS 14.17.410 (b)(1)



# ***ADDITIONAL FUNDS*** **Above Basic Need**

- **Additional Local Contribution**
- **Quality Schools Grant**

# Calculating the ADDITIONAL LOCAL CONTRIBUTION

*Example: Nome public Schools*

The **greater** of 2 mils of the tax base or 23% of the district's current year Basic Need and State funds calculated on AADM can be contributed, but not exceeded.

*.002 of Full & True Value Tax Base:*

$$.002 \times \$366,202,900 = \$732,406$$

*23% of Basic Need & funds calculated on AADM:*

$$.23 \times \$9,796,953 + \$26,434 = \mathbf{\$2,259,379}$$

# MAXIMUM LOCAL CONTRIBUTION

*Example:* Nome City Schools

**Required Local Contribution**  
plus  
**Additional Local Contribution**

REQUIRED Local Contribution:	\$ 970,438
<u>ADDITIONAL Local Contribution:</u>	<u>+ 2,259,379</u>
<b>MAXIMUM Local Contribution:</b>	<b>\$3,229,817</b>

AS 14.17.410 (c)

# QUALITY SCHOOLS GRANT

**AS 14.17.480** provides a quality school funding grant of the district's Adjusted ADM multiplied by \$16.

*Example: Nome Public Schools*

$$1,652.10 \times \$16 = \mathbf{\$26,434}$$

<https://education.alaska.gov/tls/qualityschools/>

(Column X, page 8 and Column H, page 9 of Overview)

# COMPONENTS OF STATE AID

A Permanent Funding Component of State Aid

**Nome's total State Aid equals:**

<i>Calculated</i> STATE AID	\$8,803,771
<u><i>plus</i> QUALITY SCHOOLS Grant</u>	<u>\$ 26,434</u>
<b>TOTAL STATE ENTITLEMENT</b>	<b>\$8,830,205</b>

(Column I, page 9 of Overview)

AS 14.17.410

**PLEASE NOTE:**  
**Prorating the Public School Funding  
Formula**

If the amount appropriated by the legislature is insufficient to meet the total amount authorized, then all districts' Basic Need will be reduced pro rata.

AS 14.17.400 (b)

AS 14.17.410

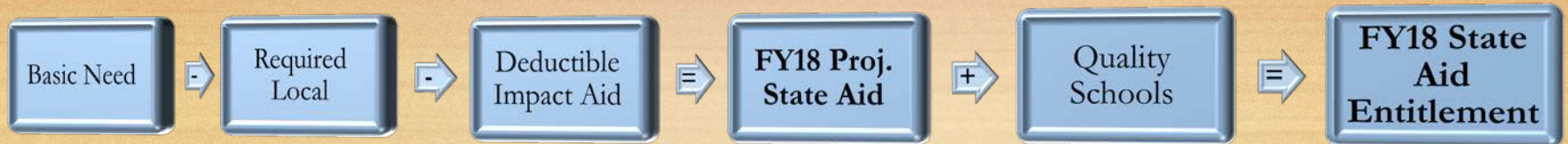
# Foundation Funding Formula

FY2018 Projection

FY18 Projected Total Average Daily Membership (ADM) AS14.17.600	School Size Table AS14.17.450	District Cost Factor x 1.0 to 2.116 AS14.17.460	Special Needs factor x 1.20 AS14.17.420	Vocation Education factor x 1.015 AS14.17.420	Special Ed. Intensives x 13 AS14.17.420	Correspondence ADM x 90% AS14.17.430	FY18 Projected District Adjusted ADM AS14.17.410
130,203.20	143,968.74	172,964.02	207,556.82	210,670.17	2,584 x 13 = 33,592 244,262.17	12,021.55 x .90 = 10,819.40	255,081.57



$255,081.57 \times \$5,930 = \$1,512,633,711$



$\$1,512,633,711 - \$251,962,124 - \$73,559,880 = \$1,187,111,707 + \$4,081,302 = \$1,191,230,276$

\*Components of funding are State General Funds, Public School Trust Fund and Federal Impact Aid.



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